



KING COUNTY COUNCIL,
GOVERNMENT ACCOUNTABILITY, OVERSIGHT, AND FINANCIAL PERFORMANCE COMMITTEE

Brightwater Oversight Monitoring Consultant Review of 2012 Trend Report – PRESENTATION

Art Griffith

June 26, 2012



Presentation Overview

- Revised estimates of Brightwater Program Costs
 - Wastewater Treatment Division (WTD)
 - Oversight Monitoring Consultant (OMC)
- Known Disputed Costs
- Remaining cost uncertainty
- Contingency assessment
- Remaining project expenditures

WTD Revised Estimate of Brightwater Program Costs, \$M

Project Component	WTD Baseline	WTD 2011 Trend Report	WTD 2012 Trend Report
	Budget 3% Infl. - 5% Infl		
Conveyance	\$1,020.6 - \$1,105.5	\$964.1	\$963.6
Treatment Plant	\$639.6 - \$684.4	\$885.1	\$896.3
Subtotal	\$1,660.2 - \$1,789.9	\$1,849.2	\$1,859.9

- Same as last year: estimate excludes Known Disputed Costs
- Differences from last year:
 - Cost is \$10.7 million higher
 - Work order contracts to convert from interim to full operation
 - Unused contingency for East Tunnel contract was released
 - Increased Builders Risk Insurance costs
 - Increased non-construction costs

OMC Revised Estimate of Brightwater Program Costs, \$M

Project Component	WTD 2012 Trend Report	OMC 2012 Estimate
Conveyance	\$963.6	\$964.8
Treatment Plant	\$896.3	\$898.1
Subtotal	\$1,859.9	\$1,862.9

- OMC estimate is \$10.3 million higher than 2011 estimate
- Differences between OMC and WTD estimates:
 - OMC maintains an additional \$3 million contingency to cover treatment plant cost risk
 - Several small differences in subcategories that do not show up when estimates are summarized

Known Disputed Costs

- Excluded from Trend Report estimate and the OMC estimate
- Related to the delay in the performance on the Central Tunnel
 - King County claims: \$158 million
 - Central Tunnel Contractor counterclaims: \$66.7 million
- By definition of “disputed,” the set of costs, final amount, and determination of responsibility have not been established

Remaining Cost Uncertainty

- The most significant uncertainty is the outcome of the dispute related to delay in performance on the Central Tunnel
- Others:
 - The cost of completing the West and Central Tunnels
 - Resolution of IPS performance deficiencies related to surge protection at high flows
 - Repairs to out-of-specification treatment plant yard piping
 - Meeting the projected schedule for full commissioning (September 2012)
 - Managing non-construction costs
 - Completing the remaining work without using the full amount of contingency

Contingency Assessment

- Conveyance: WTD's trend report has approximately \$25.1 million of conveyance contingency
 - This should be sufficient to cover non-disputed conveyance cost risks through project completion
- Treatment plant: WTD does not carry a contingency
 - Future treatment plant change orders will increase total project cost as there is no contingency to draw against
 - OMC's estimate includes \$3 million of treatment plant contingency

Remaining Project Expenditures

- Remaining project expenditures approximately \$98 million
 - As of the beginning of 2012; smaller number today
 - Conveyance (\$75 million):
 - Completing the West Tunnel, Central Tunnel and IPS; converting to full operation (discharge through Marine Outfall)
 - Engineering and construction management
 - Treatment Plant (\$23 million):
 - Completion of construction, engineering and construction management, and conversion to full operation
- Some of the remaining expenditures will be disputed